

RECORDATION NO. 26539 <sup>C</sup> FILED

SEP 07 '07 -11 33 AM

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ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

OF COUNSEL  
URBAN A. LESTER

September 7, 2007

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Net Railcar Lease, dated as of August 27, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 26539.

The names and addresses of the parties to the enclosed document are:

Lessor: Babcock & Brown Rail Funding LLC  
885 Second Avenue, 49th Floor  
New York, NY 10017

Lessee: Appalachian Power Company  
1 Riverside Plaza  
Columbus, OH 43215

Mr. Vernon A. Williams  
September 7, 2007  
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A description of the railroad equipment covered by the enclosed document is:

110 railcars within the series BNBX 120375 – BNBX 120499 as more particularly set forth in the attachment to the document.


A short summary of the document to appear in the index is:

Memorandum of Net Railcar Lease.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



G Robert W. Alvord

RWA/sem  
Enclosures

RECORDATION NO. 26539-5 FILED

SEP 07 '07 -11 33 AM

MEMORANDUM OF NET RAILCAR LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF NET RAILCAR LEASE dated as of this 27<sup>th</sup> day of August, 2007, to that certain Master Net Railcar Lease dated as of August 27, 2007, effective as of May 9, 2007 between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company (the "Lessor") and APPALACHIAN POWER COMPANY, a Virginia corporation (the "Lessee"), pursuant to which Schedule No. 01 has been executed, is made by the Lessor and the Lessee (the Lessor and together with the Lessee, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, Lessor and the Lessee entered into that certain Master Net Railcar Lease dated as of August 27, 2007, effective as of May 9, 2007 and the Parties entered into that certain Schedule No. 01 thereto dated as of the same date (hereinafter as the same may from time to time be amended, modified or supplemented, the "Agreement"), covering the equipment listed on Exhibit A hereto (the "Cars");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Agreement, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Cars to the Lessee in accordance with the terms and conditions of the Agreement, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein

This Memorandum of Net Railcar Lease may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Net Railcar Lease to be executed by a duly authorized officer as of the day and year as set forth below.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: [Signature]  
Name: L.E. LUTHERS  
Title: Vice President  
Date: 8.30.07

APPALACHIAN POWER COMPANY, as Lessee

By C.E. Zebula <sup>Rev</sup><sub>DF</sub>  
Name: C.E. Zebula  
Title Vice President  
Date: 8-30-07

STATE OF C.T )  
 ) SS:  
COUNTY OF Fairfield )

On Aug 30, 2007, before me, Linda Ardito, Notary Public, personally appeared Lawrence L. Litch personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Linda Ardito

LINDA ARDITO  
Notary Public  
State of Connecticut  
My Commission Expires April 30, 20 10

STATE OF OHIO )

) SS:

COUNTY OF FRANKLIN )

On 8-30, 2007, before me, Diane P. Reichle Notary Public, personally appeared C.S. Zebula, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal.

Diane P. Reichle

**DIANE P. REICHLE**  
NOTARY PUBLIC - STATE OF OHIO  
MY COMMISSION EXPIRES 10/12/2009

R07009-1  
EXHIBIT A  
MEMORANDUM OF NET RAILCAR LEASE

<u>Quantity</u>	<u>Car Description</u>	<u>Reporting Marks and Numbers</u>					
One hundred ten (110)	Aluminum body Autoflood III Open Top Hoppers, with a 4200 CF capacity, 286,000 lbs GRL, AAR Car Type Code K341, built by Freight Car America in 2006	BNBX	120375	BNBX	120422	BNBX	120467
		BNBX	120376	BNBX	120423	BNBX	120468
		BNBX	120377	BNBX	120424	BNBX	120469
		BNBX	120378	BNBX	120425	BNBX	120470
		BNBX	120379	BNBX	120426	BNBX	120471
		BNBX	120380	BNBX	120427	BNBX	120473
		BNBX	120381	BNBX	120428	BNBX	120475
		BNBX	120382	BNBX	120429	BNBX	120476
		BNBX	120383	BNBX	120430	BNBX	120481
		BNBX	120384	BNBX	120431	BNBX	120482
		BNBX	120385	BNBX	120432	BNBX	120483
		BNBX	120386	BNBX	120433	BNBX	120485
		BNBX	120387	BNBX	120434	BNBX	120486
		BNBX	120388	BNBX	120435	BNBX	120487
		BNBX	120389	BNBX	120436	BNBX	120488
		BNBX	120390	BNBX	120437	BNBX	120489
		BNBX	120391	BNBX	120438	BNBX	120490
		BNBX	120392	BNBX	120439	BNBX	120492
		BNBX	120393	BNBX	120440	BNBX	120495
		BNBX	120394	BNBX	120441	BNBX	120497
		BNBX	120395	BNBX	120442	BNBX	120498
		BNBX	120396	BNBX	120443	BNBX	120499
		BNBX	120397	BNBX	120444		
		BNBX	120398	BNBX	120445		
		BNBX	120399	BNBX	120446		
		BNBX	120400	BNBX	120447		
		BNBX	120401	BNBX	120448		
		BNBX	120402	BNBX	120449		
		BNBX	120403	BNBX	120450		
		BNBX	120404	BNBX	120451		
		BNBX	120405	BNBX	120452		
		BNBX	120406	BNBX	120453		
		BNBX	120408	BNBX	120454		
		BNBX	120411	BNBX	120455		
		BNBX	120412	BNBX	120456		
		BNBX	120413	BNBX	120457		
		BNBX	120414	BNBX	120458		
		BNBX	120415	BNBX	120459		
		BNBX	120416	BNBX	120460		
		BNBX	120417	BNBX	120461		
		BNBX	120418	BNBX	120462		
		BNBX	120419	BNBX	120463		
		BNBX	120420	BNBX	120464		
		BNBX	120421	BNBX	120466		

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 9/7/07



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Robert W. Alvord